

Message Text

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70

ORIGIN AEC-11

INFO OCT-01 EUR-25 ISO-00 ACDA-19 CIAE-00 INR-10 IO-14

L-03 NSAE-00 NSC-10 RSC-01 SCI-06 SCEM-02 SS-20

COME-00 EB-11 /133 R

66616

DRAFTED BY: USAEC:IP:EUR:BTHOMAS

10/31/73 3077

APPROVED BY: SCI -HD.BREWSTER

CLEARANCES: USAEC: IP: AD/A&L: WLYEOMANS

EUR/IB-T.G. MARTIN

----- 008828

P 012233Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

INFO USMISSION EC BRUSSELS PRIORITY

UNCLAS STATE 215831

E.O. 11652: N/A

TAGS: TECH, PO

SUBJ: U.S. PORTUGAL ATOMIC ENERGY AGREEMENT FOR
COOPERATION

REF: STATE A-7849

EC BRUSSELS FOR RUBIN, USAEC

1. USAEC HAS RECEIVED LETTER FROM SOEIRO DE BRITO,
JEN V.P., AS FOLLOW-UP HIS LETTER OF AUTUST2, URGING
RAPID SIGNING OF AGREEMENT. BRITO DID NOT REFERENCE AEC
RESPONSE TO AUGUST 2 LETTER. RESPONSE WAS LETTER
DATED SEPTEMBER 12 FORWARDED WITH REPAIR FOR DELIVERY
TO BRITO. (IN CASE REPAIR PKG LOST, DUPL. SER BEING AIRPOUCHED.)

2. PLS ADVISE ASAP RE DELIVERY AEC SEPTEMBER 12
LETTER. PER THAT LETTER, USG AWAITING PORTUGUESE
LANGUAGE VERSION, CONFIRMATION GOP ACCEPTANCE REVISED
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PAGES BILATERAL TEXT ENCLOSED WITH SEPT. 12 LETTER,

ACCEPTANCE OTHER POINTS RAISED IN LETTER. WE ALSO
NEED GOP SUGGESTION FOR MWE NUMBER TO BE INCORPORATED ARTICLE
IX TEXT (SEE PARA 4 BELOW).

3. PLS ALSO ADVISE ASAP STATUS MATTER SUBJECT PART B
REFAIR.

4. BELOW IS BACKGROUND TO DRAW ON, AS NECESSARY, RE
BASIS ESTABLISH MWE CEILING.

(A) UNDER USAEC'S URANIUM ENRICHMENT SERVICES
CRITERIA, AS REVISED MAY 9, 1973, MINIMUM TERM FOR WHICH
USAEC PREPARED TO CONCLUDE TOLL ENRICHMENT CONTRACTS IS
10 YEARS; AEC PREPARED TO CONTRACT FOR LONGER PERIOD,
UP TO THE ANTICIPATED ECONOMIC LIFE-TIME OF A POWER
REACTOR (USUALLY ABOUT 30 YEARS). PURSUANT TO CRITERIA,
CUSTOMER NORMALLY MUST EXECUTE A TOLL ENRICHMENT
CONTRACT AT LEAST EIGHT YEARS IN ADVANCE OF THE INITIAL
DELIVERY FOR FIRST CORE FOR POWER REACTOR PROJECT
INVOLVED. SUCH DELIVERY DATE CAN USUALLY BE EXPECTED
TO PRECEDE REACTOR START-UP ABOUT ONE YEAR. RESPECTING
REACTOR PROJECTS REQUIRING FIRST CORE DELIVERIES WITHIN
THE NEXT EIGHT YEARS (BY JUNE 30, 1982), THERE ARE
SPECIAL TRANSITION CONDITIONS; TWO CONTRACTING
DEADLINES APPLY: (A) FOR REACTORS REQUIRING INITIAL
DELIVERIES BEFORE JULY 1, 1978, TOLL ENRICHMENT CONTRACTS
MUST BE EXECUTED NO LATER THAN DECEMBER 31, 1973, AND
(B) FOR REACTORS NEDDING INITIAL DELIVERIES AFTER
JULY 1, 1978, AND BY JUNE 30, 1982, THE CONTRACTS MUST
BE EXECUTED NO LATER THAN JUNE 30, 1974.

(B) ARTICLE IX OF DRAFT AGREEMENT ESTABLISHES
UPPER LIMIT ON SUPPLY OF ENRICHED URANIUM REQUIRED FOR FUELING
POWER REACTORS OVER THE LIFE OF AGREEMENT AND
IS DEFINED IN TERMS OF THE SEPARATIVE WORK REQUIRED TO
SUPPORT FUEL CYCLES OF REACTORS TOTALLING A CERTAIN NUMBER OF
ELECTRICAL MEGAWATTS (MWE). THE APPROPRIATE
MWE NUMBER WOULD BE THAT FOR THE OVERALL NUCLEAR
POWER PROGRAM PORTUGAL PLANS TO BRING INTO OPERATION
14 YEARS FROM NEGOTIATION OF THE DRAFT AGREEMENT,
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I.E. POWER PROJECTS NEEDING FIRST CORE DELIVERIES UP
TO THIRTEEN YEARS AHEAD. IF AGREEMENT WERE CONCLUDED
IN 1974, MWE CEILING SHOULD BE DEVELOPED IN TERMS OF
THE PORTUGUESE REACTOR PROGRAM EXPECTED TO BE IN
OPERATION BY 1988. GIVEN THE TRANSITION AND FIVE-
YEAR ADVANCE CONTRACTING REQUIREMENTS, TOLL ENRICHMENT
CONTRACTS FOR THE NUCLEAR POWER REACTORS OPERATING BY
1988 WOULD HAVE TO BE EXECUTED WITHIN THE NEXT FIVE

YEARS.

(C) ABOVE-NOTED FIVE-YEAR PERIOD UNDERLYING DETERMINATION OF THE MWE CEILING HAS BEEN ESTABLISHED TO AVOID THE NEED FOR AMENDING THE PROVISION TOO OFTEN AND YET TO PERMIT REVIEW AFTER A REASONABLE PERIOD. THE OVERALL TERM OF THE AGREEMENT COULD BE UP TO FORTY YEARS. THIS PERIOD WOULD ACCOMMODATE THE APPROXIMATE ECONOMIC LIFETIME OF NUCLEAR POWER REACTORS AS WELL AS THE ADVANCE CONTRACTING REQUIREMENT.

(D) DRAFT TEXT INITIALLY CONTEMPLATED 30 YEARS, BUT USG PREPARED CONSIDER 40 YEARS IF GOP AGREES. PLS ADVISE.

5. AEC HAS SENT JEN MATERIAL ON TOLL ENRICHMENT CONTRACTS, INCLUDING DRAFT CONTRACT. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE215831
Document Source: CORE
Document Unique ID: 00
Drafter: USAEC:IP:EUR:BTHOMAS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731160/aaaabsdw.tel
Line Count: 133
Locator: TEXT ON-LINE
Office: ORIGIN AEC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE A-7849
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 10 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Oct-2001 by damankm0>; APPROVED <11 MAR 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. PORTUGAL ATOMIC ENERGY AGREEMENT FOR COOPERATION
TAGS: TECH, PO
To: LISBON
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005